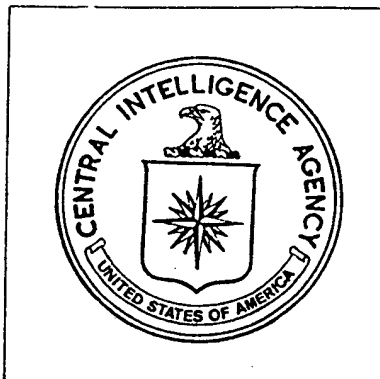


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*Communist Aid and Trade Activities
in Less Developed Countries, November 1974*

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COMMUNIST AID AND TRADE ACTIVITIES
IN LESS DEVELOPED COUNTRIES
NOVEMBER 1974

Africa

*Central African Republic (CAR) Receives Soviet
Military Equipment*

The USSR delivered ~~to the CAR~~ armaments, including GAZ-66 trucks, to the CAR in late October. A Soviet-CAR military accord was signed in 1969, but no credits are known to have been extended, nor have any military deliveries been reported previously. The CAR has requested renewal of the 1969 agreement, which expires this year, as well as long-term credits for military purchases. ~~(S)~~

Europe

First Portuguese Delegation to Moscow

Negotiations on ~~the~~ trade and economic assistance agreements between Portugal and the USSR reportedly were initiated by a Portuguese delegation that visited Moscow in late October. Further discussions are expected in December. Portugal hopes to acquire Soviet machine building equipment in return for agricultural products, construction materials, and light manufactures. Soviet embassy sources in Lisbon also have mentioned the possibility of supplying Soviet petroleum to Portugal. ~~(Confidential)~~

Note: The substance of this publication has been coordinated with the Bureau of Intelligence and Research of the Department of State, with the Defense Intelligence Agency, and with the Agency for International Development.

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USSR To Work on Second Argentine Power Project

Argentina has agreed to Soviet participation in a \$1 billion power project on the Parana and Paraguay rivers. Moscow will provide technical assistance and possibly thirty 135,000-kilowatt turbines, valued at \$140 million, for the complex. The project is scheduled for completion in 1981. (Unclassified)

The Soviet equipment probably will be financed under a 10-year open-ended credit agreement signed earlier this year. Argentina already is drawing on this credit for the purchase of \$65 million worth of Soviet turbines for the Salto Grande project. (Unclassified)

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Near East and South Asia

Afghanistan Receives More Soviet Military Equipment

Soviet military deliveries to Afghanistan during November included 10 BTR-152 armored personnel carriers (APCs) and 24 ZIL-130 trucks, some containing construction equipment. The recent deliveries bring to 70 the total number of APCs delivered this year. Moscow also has provided about 100 trucks during the year. ~~(Confidential)~~

About 70 Afghan military personnel are scheduled to go to the Soviet Union in December, 57 for air force training. These departures bring the number of army and air force personnel trained in the USSR during 1974 up to about 410, the highest number in any recent year, reflecting the surge of Soviet equipment deliveries to Afghanistan in 1974. ~~(Secret)~~

USSR Completes Minesweeping in the Gulf of Suez

Soviet minesweepers completed clearance of the Strait of Gubal on 10 November, and all Soviet ships involved in the operation are scheduled to leave

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the area by the end of November. The work was done under a Soviet grant totaling an estimated \$20 million. (Secret)

In mid-November, four small Egyptian ships transited the canal – the first commercial ships to do so since June 1967. Regular use of the canal is not expected to begin for several months, when salvage and dredging by Western countries will have been completed. (Unclassified)

India May Purchase MIG-23 Aircraft

India may have decided to purchase 50 MIG-23 Floggers from the USSR. The MIG-23 will have been chosen over the British Jaguar for financial reasons inasmuch as the air force has continually indicated a preference for the Jaguar. The Indians also have expressed concern that the variable wing aircraft will be difficult to maintain, especially in light of previous supply problems with the Soviets. (Secret)

If a decision to buy the MIG-23 rather than the Jaguar has been made, the contract probably has not yet been signed. Most large contracts are signed by the chief of the service involved or the Secretary of Defense, and no high-level contacts have been made between Indian and Soviet military officials since early summer. The Chief of the Indian Air Force had been scheduled to visit Moscow in August, but the trip was canceled because the MIG-23 issue still was not resolved. (Secret)

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Iran and USSR To Increase Economic Ties

Iran and the USSR agreed in principle on new long-range economic cooperation projects, according to a communique issued at the end of the Shah of Iran's three-day visit to Moscow in November. The two sides also arranged to resume trilateral gas negotiations with West Germany in December. Further negotiations on bilateral economic matters also are scheduled for December. (Confidential)

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Sri Lanka's Prime Minister Visits the USSR

The USSR agreed to provide Colombo with a naval training vessel valued at about \$12 million during the November visit of Prime Minister Bandaranaike to Moscow. Sri Lanka's acquisition of a Soviet ship had been thought unlikely for political reasons and because of maintenance difficulties experienced with other Communist-supplied vessels. A generous offer of a much-needed Soviet Petya-class destroyer escort was refused last year. However, none of Colombo's traditional Western suppliers has presented alternative offers. (Secret)

* See the *Monthly Report* dated March 1974.

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No new economic agreements were signed, although the USSR agreed to continue to study participation in a \$100 million irrigation complex. The USSR also agreed to negotiate a new trade protocol, which might provide for an improved supply of spare parts and raw materials for Soviet aid projects. (Confidential)

Moscow currently has four ongoing projects in Sri Lanka. A Soviet-built flour mill and steel rolling mill are being expanded, Soviet geologists are conducting gas and petroleum surveys, and a prefabricated housing plant is being constructed with a Soviet grant. The USSR has pledged a total of \$40 million of aid to Sri Lanka, of which some \$15 million had not been drawn at the beginning of 1974. (Confidential)

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